



cc: M. Lichtenstein 8/10/98
BBWSF 12.11.8¹³
Member Companies:
Associated International
Insurance Company
Calvert Insurance Company

LOWENSTEIN, SANDLER

AUG 10 1998

RECEIVED

August 5, 1998

David M. Wissert
LOWENSTEIN SANDLER PC
Attorneys at Law
65 Livingston Avenue
Roseland, NJ 07068-1791

Re: Potential Claim for Environmental Damage in the Coeur d'Alene Basin, Northern Idaho
Alleged Insured: Group R. Co., Inc.
Policy Nos.: GLA 62 37 35 (1/1/76 - 12/31/76)
GLA 62 37 22 (1/1/75 - 12/31/75)
Our Claim Nos.: EIL 000001;
EIL 000002

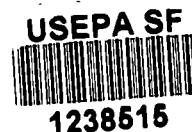
Dear Mr. Wissert:

I am in receipt of your letter dated July 20, 1998, regarding the above-matter. I am pleased to see that the court denied without prejudice the motions filed by the Department of Justice on behalf of the Coeur d'Alene Basin in the above-noted matter essentially refusing to add your client, the Group R. Co., Inc., as a defendant in the above-noted matter.

This still is the issue of Calvert Fire v. Calvert Insurance Company that I hope I am able to resolve by this letter. It is my understanding that the Gryphon Ins. Group purchased a shell corporation, including Calvert Fire Insurance Company in 1982 for the purposes of writing certain classes of business. As a condition of the purchase, no previous liabilities were assumed. Apparently, the predecessor, Calvert Fire Insurance Co., is still viable and their claims are handled by the following:

Commercial Insurance Resources
Attn: Spiro Bantis
388 Greenwich Street, 21st Fl.
New York, NY 10013-2375
Telephone: (212) 816-3700
Fax: (212) 816-5585

Based upon the above, we maintain the position that Calvert Insurance Company did not issue any policies to Group R. Co., Inc. and/or Golconda Corporation.



GRP "R" CDA dm - 0103

LS 003655

David M. Wissert
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Please be advised, that the Calvert Insurance Company reserves any and all rights it may have under policies that may be held applicable to the tendered claim. No activity on the part of Calvert Insurance Company should be construed as a waiver of any terms, conditions, endorsements and/or exclusions contained in any policy issued by Calvert Insurance Company.

If you have any further questions pertaining to the above, please so advise.

Very truly yours,

CALVERT INSURANCE COMPANY



Peter S. Mack
Claims Specialist

PSM:kb/EIL001pm

PLEASE REFER TO OUR CLAIM NUMBER ON ALL FUTURE CORRESPONDENCE